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CENTRAL INTELLIGENCE AGENCY

28 December 1953

MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: SE-54: The Political Outlook in Italy

1. The attached draft contains several typographical and editorial revisions in the 24 December draft. The Board of National Estimates does not believe a clean-up session is necessary and recommends that the attached draft, dated 28 December, be considered at the IAC meeting scheduled for 10:45 Tuesday, 29 December.

2. Release to Foreign Governments

The Board recommends that this estimate not be released to any foreign government.

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Acting Executive Secretary
National Estimates

Distribution "A"

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CENTRAL INTELLIGENCE AGENCY

28 December 1953

SUBJECT: SE-54: THE POLITICAL OUTLOOK IN ITALY

ESTIMATE

1. The political situation in Italy is highly unstable. As a result of the elections of June 1953, the composition of the parliament is such as to make almost impossible the formation of a stable governmental majority. A series of cabinet crises therefore seems inevitable.

2. The morale of the center parties has accordingly been lowered and that of the extremes encouraged. While the Christian Democrats are still the largest party, the Communist Nenni Socialist bloc is by far the better organized and more homogeneous. The center parties are confused and divided and in straitened financial circumstances. Furthermore, the morale, discipline, and organization of the Christian Democrats have seriously deteriorated, and its parliamentary members are not united in firm support of any policy or leader.

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3. Pella's administration was established as a "caretaker" government and its term of office was to have expired at the end of October. However, the Trieste issue was seized by Pella as a means of strengthening his political position and his tenure in office. If a solution of the Trieste issue acceptable to Italy should soon be reached, Pella might remain in power for a brief period. However, Pella's approach to a number of controversial domestic problems has generated increasing opposition from within his own party. This opposition will almost certainly lead to the early collapse of his government.

4. Italy is a bitterly poor country faced by immense social and economic problems. Governments led by either wing of the CD will probably be able to maintain economic stability, but they are not likely to produce significant improvement in social and economic conditions. This inability to satisfy popular demands for social and economic improvement will continue to stimulate dissatisfaction and to encourage extremist sentiment in the mass of the electorate. Labor's willingness to adopt aggressive tactics has been demonstrated in the 11 December and 15 December strikes. There will almost certainly be further serious strikes within the near future, which will contribute to the general deterioration of the political situation.

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5. The Communists and their allies, the Nenni Socialists, have capitalized on Italy's underlying political, social, and economic weaknesses to remain a major threat to Italy's democratic system. Together they received about 35 percent of the popular vote in the June elections, and they control about thirty-seven percent of the seats in the Chamber. Their popular strength will increase in the absence of further progress toward resolving Italy's basic economic and social problems, but we believe that they are unlikely to attain power, at least within the next two years.

6. It is possible, though highly unlikely, that the combination of a Trieste setback and a prolonged general strike could create a revolutionary situation in which the left might seek to overthrow the government. It is also possible that the Communists might attempt a coup, in the unlikely event of a sharp government move to the right. However, we believe that the loyalty and capabilities of the Italian Public Security and military forces are adequate to prevent the Communists from seizing power.

7. It is possible, though we consider it very unlikely, that a government might be formed according to the so-called "Nenni Solution," i.e., a coalition of the Christian Democrats, the Nenni Socialists,

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and the minor democratic parties. We consider this very unlikely because: (a) it is improbable that Nenni could be detached from his Communist alliance; and (b) the formation of any government with Nenni's participation would require the support of about four-fifths of the CD parliamentary representation. Such deep differences exist between the CD and the Nenni Socialists on foreign and domestic policy and on clerical issues that it would be extremely difficult, if not impossible, to form such a government.

8. We believe that when Pella falls he will be succeeded by a series of other center combinations under CD leadership. All such combinations will be unstable and short-lived. The center parties do not have a majority in the Chamber. At the same time, the majority of the Christian Democrats will not tolerate a coalition including the Nenni Socialists and will find it difficult to form a coalition with the Monarchists.

9. In these circumstances, we believe that national elections are almost certain before the scheduled date of 1958 and perhaps at a fairly early date. Their outcome cannot be predicted. Whether or not the position of the center parties is strengthened will depend upon the skill with which their leaders time the elections and present the issues to the electorate. Above all, the outcome of the elections

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will depend upon the energy and care with which the non-Communist parties rebuild and develop their country-wide party organizations.

10. We believe that in such new elections the Communists are unlikely either to be voted into power or to gain enough seats to insure their representation in the government. We also believe that the center parties would not call new elections if a Communist-Nenni Socialist success seemed possible. However, if the non-Communist parties continue to neglect the rebuilding of their own political organizations, or fail effectively to counter the growing Communist strength, elections might take place under circumstances which would make Communist participation in the government possible.

11. In discounting the likelihood of an early accession to power by the Communists, we do not mean to understate the gravity of the situation in Italy. The disintegration of the center political parties and the deterioration of the Italian economic situation may go so far as to endanger the existence of democratic institutions. The chances of such a development would be increased if a relaxation of international tensions should remove an urgent sense of the Communist danger, or if conservative elements in Italy should fail to take measures to improve social and economic conditions or to take anti-Communist measures to protect their interests.

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12. We believe, however, that if threatened by a Communist takeover the non-Communist elements in Italy, supported and assisted by the Public Security and military forces and relying also on outside assistance, would be willing and able to suppress the extreme left. Such a development would probably mean the end of democratic government in Italy. Ultimately, however, it is a more likely development than the ending of democratic government through a Communist accession to power.

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